
Data Standards for Financial Services Focus on Legal Entity Identifier (LEI)

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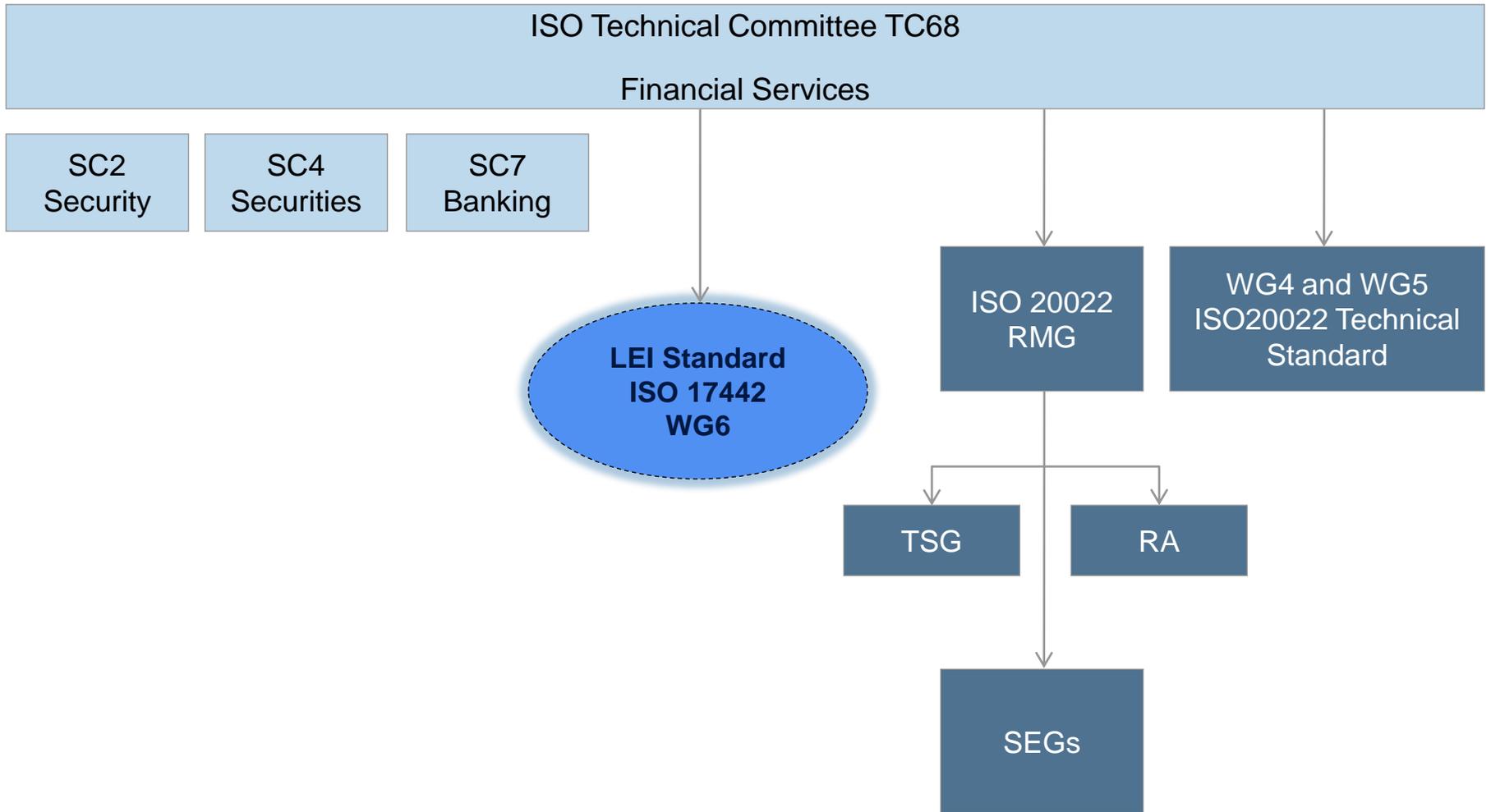
Conformity to key principles

- Key principles
 - are based on freely available international standards
 - leverage the expertise of ISO TC68 in defining and maintaining identifier, identification and classification standards;
 - define robust open governance of the issuance of and maintenance of identifiers and the maintenance of international standards;
 - contain no embedded intelligence;
 - are persistent;
 - are free from assignment limitations and usage restrictions;
 - can be applied globally to support the financial services industry;
 - define schemes that are scalable.

What is ISO?

- International Organization for Standardization, located in Geneva, Switzerland, founded in 1947
- Develops international standards through its worldwide network of national standards bodies
- Work performed within Technical Committees (TCs), their subcommittees (SCs) and working groups (WGs)
- 162 National Standards Bodies are represented within the ISO Framework
- ISO develops standards in 263 areas including technology, product safety, energy management,etc
- The ISO standards development process is carried out through experts participating in committees and working groups.
- As a result, the agreement/approval of a standard reflects a double layer of consensus – first within the industry (market players) and then across ISO member countries.
- Formal governance is published in a rulebook called: ISO Directives
 - www.iso.org/directives

ISO Standards for Financial Services



Examples of Standards Managed within the TC68 Structure

- SC2 Financial Services, Security
 - Examples of standards – PIN, biometrics, PKI, encryption algorithms
- SC4 Securities and Related Financial Instruments
 - Examples of standards – ISO 15022, ISIN, CFI, MIC
- SC7 Financial Services, Core Banking
 - Examples of standards – BIC, ISO currency codes, IBAN
- TC 68 ISO 20022 standard, *Universal financial industry message scheme*

Usage of Standardized Legal Entity Identification

- facilitate aggregation and analysis of clients' transactions and interactions with counterparties across their banking relationships
- enhance and make more efficient existing key business processes
 - managing business relationships/'Know Your Customer' processes
 - identification of parties involved in financial transactions
 - management of counterparty and concentration risk
 - improving Straight Through Processing (STP)
 - simplify reconciliation activities
- support new regulatory reporting requirements
- enable data aggregation and comparison
- data analysis

ISO LEI Standard Entity Coverage

- LEIs can be assigned to a legal person or structure that is organized under the laws of any jurisdiction.

Note: these entities include but are not limited to all financial intermediaries, banks and finance companies, all entities listed on an exchange, all entities that trade stock or debt, partnerships and pension funds, all entities under the purview a financial regulator and their holding companies and supranationals.

Investment vehicles, including mutual funds and alternative investment vehicles (hedge funds, private equities, etc.) can be identified by means of an LEI regardless of whether they are incorporated or constituted in some other way (e.g., trust, partnership, contractual, etc.).

- LEIs are not envisioned to be assigned to natural persons

ISO TC68 LEI Standard Proposed Structure

- 20 characters – 18 alphanumeric characters plus 2 numeric check digits
- Check digit validation using ISO 7064, *Data Processing, Check Character Systems*
- The ISO data record attributes at a minimum includes
 - the official name of the legal entity as recorded in the official registers, or with the fund manager for collective investment vehicles.
 - The address of the headquarters of that legal entity or the address of the fund manager.
 - The country of formation denoted by ISO 3166, *Codes for the representation of names of countries and their subdivisions*
 - the date of the first LEI assignment
 - the date of last update of the LEI information.
 - the date of expiry, if applicable
- In addition, other relevant reference data attributes such as contact information and hierarchical information concerning to the entity's relationship to affiliates can be included in the LEI repository (subject to data privacy regulations)

Anticipated Timeline

Current Status of the development of the ISO TC68 LEI Standard

- For the 2-phase process:
 - Date by which the first phase of approval of the standard by the TC was completed: end June 2011
 - Date by which the second phase of approval of the standard by the TC will be completed: 14th December 2011
 - Approximate date for publishing of the standard by ISO: January 2012

If the standard does not receive unanimous approval in the second phase, then the 3rd phase is required.

- For the 3-phase process:
 - Date by which the third phase of approval of the standard by the TC would be completed: March 2012
 - Approximate date for publishing of the standard by ISO: April 2012

A first step, a solid foundation

- LEI is the first step in addressing the current standards needs of the financial industry and global regulators
- Implementation of a longer term improved convergent model is needed
- A global solution, utilizing ISO standards, covering identity management and relationships, classification and identification of financial instruments
- Utilizing a well-established, well-respected development and governance process
- Global coordination and coordination among the private and public sectors
- Forward looking

Capital Markets data creation points and relationships

